

CITY OF GLENWOOD
INDEPENDENT AUDITORS' REPORTS
BASIC FINANCIAL STATEMENTS
SUPPLEMENTARY AND OTHER INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2021

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City of Glenwood

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Ron Kohn	Mayor	January 2022
Holly Jackson	Council Member	January 2022
Laurie Smithers	Council Member	January 2022
Donald Kates	Council Member	January 2024
Dan McComb	Council Member	January 2024
Jeremy Rodman	Council Member	January 2024
Angie Winquist	City Administrator	Indefinite
Amber Farnan	City Clerk	January 2022
Matt Woods	Attorney	Indefinite

City of Glenwood



Diane McGrain, CPA
Jim Menard, CPA
Kelsey Peterson, CPA

January 4, 2022

Independent Auditors' Report

To the Honorable Mayor and
Members of the City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Glenwood, Iowa, as of and for the year ended June 30, 2021, and the related Notes to the Financial Statements, which collectively comprise the City's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal

Continued....

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control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units

The financial statements do not include financial data for one of the City's legally separate component units because the Glenwood Municipal Utilities reports in accordance with U.S. generally accepted accounting principles, a different financial reporting framework than the City's cash basis of accounting. Accounting principles applicable to the cash basis of accounting require the financial data for all component units be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity which include the financial data for all component units. The City has not issued such reporting entity financial statements. The amounts by which the departure would affect the receipts, disbursements and cash balances of the aggregate discretely presented component units have not been determined.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units* paragraph, the financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component units of the City of Glenwood as of June 30, 2021, or the changes in cash basis financial position thereof for the year then ended in accordance with the basis of accounting described in Note 1.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund and the aggregate remaining fund information of the City of Glenwood as of June 30, 2021, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

Basis of Accounting

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinions are not modified with respect to this matter.

Other Matters

Supplementary and Other Information


Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Glenwood's basic financial statements. We previously audited, in accordance with the standards in the third paragraph of this report, the financial statements for the four years ended June 30, 2020 (which are not presented herein) and expressed unmodified opinions on the financial statements of the governmental activities, each major fund and the aggregate remaining fund information which were prepared on the basis of cash receipts and disbursements and the adverse opinions on the financial statements of the aggregate discretely presented component units due to the omission of the Glenwood Municipal Utilities. The financial statements for the four years ended June 30, 2016 (which are not presented herein) were audited by other auditors who expressed unmodified opinions on the financial statements of the governmental activities, each major fund and the aggregate remaining fund information which were prepared on the basis of cash receipts and disbursements and adverse opinions on the financial statements of the aggregate discretely presented component units due to the omission of the Glenwood Municipal Utilities. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the year ended June 30, 2012 (which are not presented herein) and expressed unmodified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedure applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. Because of the significance of the matter described in the *Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units* paragraph on the preceding page, it is inappropriate to, and we do not, express an opinion or provide any assurance on it.

The Other Information, the Budgetary Comparison Information, the Schedule of the City's Proportionate Share of the Net Pension Liability and the Schedule of City's Contributions on pages 28 through 32 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 4, 2022 on our consideration of the City of Glenwood's internal control over financial reporting, and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Glenwood's internal control over financial reporting and compliance.


Schroer & Associates, PC
Council Bluffs, IA

Basic Financial Statements

City of Glenwood
Cash Basis Statement of Activities and Net Position
As of and for the year ended June 30, 2021

Functions/Programs:	Disbursements	Program Receipts		Net (Disbursement) Receipts and Changes in Cash Basis Net Position	
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Primary	Component
				Governmental Activities	Unit Glenwood Public Library Foundation
Governmental activities:					
Public safety	\$ 1,604,245	56,743	226,733	(1,320,769)	
Public works	604,942	314	815,055	210,427	
Culture and recreation	1,088,376	158,348	467,229	(462,799)	
Community and economic development	56,087	9,303	-	(46,784)	
General government	435,167	1,544	178,781	(254,842)	
Debt service	601,533	-	-	(601,533)	
Capital projects	600	-	-	(600)	
Total governmental activities	<u>4,390,950</u>	<u>226,252</u>	<u>1,687,798</u>	<u>(2,476,900)</u>	
Total Primary Government	<u>\$ 4,390,950</u>	<u>226,252</u>	<u>1,687,798</u>	<u>(2,476,900)</u>	
Component Unit:					
Glenwood Public Library Foundation	\$ 6,820	11	12,155		5,346
Total Component Unit	<u>\$ 6,820</u>	<u>11</u>	<u>12,155</u>		5,346
General Receipts:					
Property and other city tax levied for:					
General purposes				1,934,089	-
Employee benefits				855,443	-
Debt service				238,654	-
Tax increment financing				42,054	-
Local option sales tax				607,332	-
Grants and contributions not restricted to specific purpose				2,018	-
Commercial/industrial tax replacement				35,878	-
Unrestricted interest on investments				1,931	-
Sale of general fixed assets				19,471	-
Total general receipts				<u>3,736,870</u>	-
Change in cash basis net position				1,259,970	5,346
Cash basis net position beginning of year				<u>4,212,544</u>	<u>134,816</u>
Cash basis net position end of year				<u>\$ 5,472,514</u>	<u>\$ 140,162</u>
Cash Basis Net Position					
Restricted:					
Nonexpendable:					
Davies amphiteater trust				\$ 197,104	\$ -
Cemetary perpetual care				63,004	-
Expendable:					
Streets				1,020,325	-
Employee benefits				922,202	-
County wellness center				1,297,483	-
Debt service				23,147	-
Capital projects				467,973	-
Other purposes				117,018	-
Unrestricted				<u>1,364,258</u>	<u>140,162</u>
Total cash basis net position				<u>\$ 5,472,514</u>	<u>\$ 140,162</u>

See notes to financial statements

City of Glenwood
Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Governmental Funds
As of and for the year ended June 30, 2021

		Special Revenue					Other Nonmajor Governmental Funds	
	General	Road Use Tax	Employee Benefits	Local Option Sales Tax	Debt Service	Capital Projects		Total
Receipts:								
Property tax	\$ 1,642,922	-	845,445	-	235,868	-	-	2,724,235
Tax increment financing	-	-	-	-	-	-	42,054	42,054
Other city tax	291,167	-	9,998	607,332	2,786	-	-	911,283
Licenses and permits	15,061	-	-	-	-	-	-	15,061
Use of money and property	2,908	-	-	-	-	-	30	2,938
Intergovernmental	504,058	788,570	11,131	76,221	3,101	-	-	1,383,081
Charges for service	194,924	-	-	-	-	-	166	195,090
Miscellaneous	357,707	-	-	-	-	-	-	357,707
Total receipts	3,008,747	788,570	866,574	683,553	241,755	-	42,250	5,631,449
Disbursements:								
Operating:								
Public safety	1,270,920	-	304,601	-	-	28,657	67	1,604,245
Public works	287,351	142,736	138,493	-	-	36,362	-	604,942
Culture and recreation	816,993	-	160,835	36,323	-	74,225	-	1,088,376
Community and economic development	2,634	-	-	-	-	-	53,453	56,087
General government	368,281	-	66,886	-	-	-	-	435,167
Debt service	-	-	-	-	601,533	-	-	601,533
Capital projects	-	-	-	-	-	600	-	600
Total disbursements	2,746,179	142,736	670,815	36,323	601,533	139,844	53,520	4,390,950
Excess (deficiency) of receipts over (under) disbursements	262,568	645,834	195,759	647,230	(359,778)	(139,844)	(11,270)	1,240,499
Other financing sources (uses):								
Sale of general fixed assets	19,471	-	-	-	-	-	-	19,471
Operating transfers in	303,415	-	-	-	376,793	-	-	680,208
Operating transfers out	-	(282,081)	-	(398,127)	-	-	-	(680,208)
Total other financing sources (uses)	322,886	(282,081)	-	(398,127)	376,793	-	-	19,471
Change in cash balances	585,454	363,753	195,759	249,103	17,015	(139,844)	(11,270)	1,259,970
Cash balances beginning of year	778,804	656,572	726,443	1,048,380	6,132	607,817	388,396	4,212,544
Cash balances end of year	\$ 1,364,258	1,020,325	922,202	1,297,483	23,147	467,973	377,126	5,472,514
Cash Basis Fund Balances								
Nonspendable:								
Amphitheater trust	\$ -	-	-	-	-	-	197,104	197,104
Cemetery perpetual care	-	-	-	-	-	-	63,004	63,004
Restricted for:								
Streets	-	1,020,325	-	-	-	-	-	1,020,325
Employee benefits	-	-	922,202	-	-	-	-	922,202
County wellness center	-	-	-	1,297,483	-	-	-	1,297,483
Debt service	-	-	-	-	23,147	-	-	23,147
Capital projects	-	-	-	-	-	467,973	-	467,973
Other purposes	-	-	-	-	-	-	117,018	117,018
Unassigned	1,364,258	-	-	-	-	-	-	1,364,258
Total cash basis fund balances	\$ 1,364,258	1,020,325	922,202	1,297,483	23,147	467,973	377,126	5,472,514

See notes to financial statements

City of Glenwood

City of Glenwood
Notes to Financial Statements
June 30, 2021

NOTE (1) Summary of Significant Accounting Policies

The City of Glenwood is a political subdivision of the State of Iowa located in Mills County. It was first incorporated in 1857 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, culture and recreation, community and economic development, and general government services.

A. Reporting Entity

For financial reporting purposes, the City of Glenwood has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City.

These financial statements present the City of Glenwood (the primary government) and one of its component units. The financial statements do not include the financial data for Glenwood Municipal Utilities, a legally separate entity which should be reported as a discretely presented component unit. The components unit discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City.

Discretely Presented Component Unit

The Glenwood Public Library Foundation (Library Foundation) is legally separate from the City. The Library Foundation was organized under Chapter 504A of the Code of Iowa as a non-profit corporation. The Library Foundation collects donations which are used to purchase items not included in the City's Budget. In accordance with criteria set forth by the Governmental Accounting Standards Board, the Library Foundation meets the definition of a component unit which should be discretely presented.

Excluded Component Unit

Glenwood Municipal Utilities was established under Chapter 388 of the Code of Iowa to operate the City's municipal utilities. The Municipal Utilities is governed by a five-member board appointed by the Mayor and approved by the City Council. In accordance with criteria set forth by the Governmental Accounting Standards Board, the Municipal Utilities meets the definition of a component unit which should be discretely presented. Financial statements for the Municipal Utilities were prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles but are not included in the City's financial statements since the City prepares its financial statements on the cash basis. Complete financial statements can be obtained from Glenwood Municipal Utilities, 7 North Vine Street, Glenwood, IA 51534.

City of Glenwood
Notes to Financial Statements
June 30, 2021

NOTE (1) Summary of Significant Accounting Policies – Continued

A. Reporting Entity - Continued

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Mills County Assessor's Conference Board, Mills County Emergency Management Commission, Mills County E911 Board and the Iowa Waste System Association.

B. Basis of Presentation

Government-wide Financial Statement - The Cash Basis Statement of Activities and Net Position reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities are supported by tax and intergovernmental revenues.

The Cash Basis Statement of Activities and Net Position presents the City's nonfiduciary net position. Net position is reported in the following categories/components:

Nonexpendable restricted net position is subject to externally imposed stipulations which require the cash balance to be maintained permanently by the City, including the City's Permanent Funds.

Expendable restricted net position results when constraints placed on the use of cash balances are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consist of cash balances that do not meet the definition of the preceding category. Unrestricted net position often have constraints on resources imposed by management, which can be removed or modified.

The Cash Basis Statement of Activities and Net Position demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements – Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

City of Glenwood
Notes to Financial Statements
June 30, 2021

NOTE (1) Summary of Significant Accounting Policies - Continued

B. Basis of Presentation - Continued

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts from general and emergency levies and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue:

The Road Use Tax Fund is used to account for the road use tax allocation from the State of Iowa to be used for road construction and maintenance.

The Employee Benefits Fund is used to account for property taxes levied to pay employee benefits.

The Local Option Sales Tax Fund is used to account for receipts from tax authorized by referendum and used for the county wellness center.

The Debt Service Fund is utilized to account for property tax and other receipts to be used for payment of interest and principal on the City's long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition of capital equipment and construction of capital facilities.

C. Measurement Focus and Basis of Accounting

The City of Glenwood maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there is both restricted and unrestricted cash basis net position available to finance the program. It is the City's policy to first apply cost reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

When a disbursement in governmental funds can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the disbursement toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balance

City of Glenwood
Notes to Financial Statements
June 30, 2021

NOTE (1) Summary of Significant Accounting Policies - Continued

D. Property Taxes and Governmental Cash Basis Fund Balances

The following accounting policies are followed in preparing the financial statements:

Property tax revenues recognized in these funds become due and collectible in September and March of the current fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2019 assessed property valuations; is for the tax accrual period July 1, 2020 through June 30, 2021 and reflects tax asking contained in the budget certified to the City Council in March 2020.

In the governmental fund financial statements, cash basis fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information.

NOTE (2) Cash and Pooled Investments

The City's deposits in banks at June 30, 2021 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

City of Glenwood
Notes to Financial Statements
June 30, 2021

NOTE (2) Cash and Pooled Investments - Continued

The City's cash, which consists of cash in bank and certificates of deposit, totaled \$5,472,514.

The City had no investments meeting the disclosure requirements of Governmental Accounting Standards Board (GASB) Statement No. 72.

Interest rate risk

The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the City.

Component Unit

At June 30, 2021, the component unit, the Glenwood Public Library Foundation, had cash in bank and a certificate of deposit totaling \$114,699. The component unit invests in pooled mutual funds with the Omaha Community Foundation. The funds had a market value of \$25,463 at June 30, 2021.

The component unit uses the fair value hierarchy established by generally accepted accounting principles based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs.

The recurring fair value of the pooled funds were determined using assumptions obtained from independent sources. (Level 2 inputs)

NOTE (3) Bonds and Notes Payable

A summary of changes in bonds and notes payable for the year ended June 30, 2021 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Due Within One Year
Governmental activities					
General obligation bonds and notes	\$ 7,260,000	-	395,000	6,865,000	405,000

City of Glenwood
Notes to Financial Statements
June 30, 2021

NOTE (3) Bonds and Notes Payable - Continued

General Obligation Bonds and Notes

A summary of the City's June 30, 2021 general obligation bonds and notes is as follows:

Year Ending June 30,	Corporate Purpose			Local Option Sales Tax		
	Issued June 30, 2015			Issued Aug 5, 2015		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2022	2.25%	\$ 50,000	4,500	2.15%	\$ 245,000	136,593
2023	2.25%	50,000	3,375	3.00%	250,000	131,325
2024	2.25%	50,000	2,250	3.00%	255,000	123,825
2025	2.25%	50,000	1,125	3.00%	265,000	116,175
2026	-	-	-	3.00%	275,000	108,225
2027-2031	-	-	-	3.00-3.38%	1,490,000	411,894
2032-2036	-	-	-	3.38-4.00%	1,385,000	138,738
2037-2039	-	-	-	-	-	-
		<u>\$ 200,000</u>	<u>11,250</u>		<u>\$ 4,165,000</u>	<u>1,166,775</u>

Year Ending June 30,	Corporate Purpose			Total		
	Issued Sept 25, 2019					
	Interest Rates	Principal	Interest	Principal	Interest	Total
2022	2.00%	\$ 110,000	56,415	\$ 405,000	197,508	602,508
2023	2.00%	115,000	54,215	415,000	188,915	603,915
2024	2.00%	115,000	51,915	420,000	177,990	597,990
2025	2.00%	120,000	49,615	435,000	166,915	601,915
2026	2.00%	120,000	47,215	395,000	155,440	550,440
2027-2031	2.00-2.10%	660,000	198,375	2,150,000	610,269	2,760,269
2032-2036	2.15-2.50%	750,000	125,140	2,135,000	263,878	2,398,878
2037-2039	2.75%	510,000	28,325	510,000	28,325	538,325
		<u>\$ 2,500,000</u>	<u>611,215</u>	<u>\$ 6,865,000</u>	<u>1,789,240</u>	<u>8,654,240</u>

On June 30, 2015, the City issued \$490,000 of general obligation bonds with an interest at 2.25% per annum. The bonds were issued for an essential corporate purpose. During the year ended June 30, 2021, the City paid \$50,000 of principal and \$5,625 of interest on the bonds.

On August 5, 2015, the City issued \$5,540,000 of local option sales tax bonds with interest rates ranging from 2.00% to 4.00% per annum. The bonds were for construction of a wellness center. During the year ended June 30, 2021, the City paid \$235,000 of principal and \$141,293 of interest on the bonds.

City of Glenwood
Notes to Financial Statements
June 30, 2021

NOTE (3) Bonds and Notes Payable - Continued

General Obligation Bonds and Notes – Continued

On September 25, 2019, the City issued \$2,610,000 of general obligation bonds with interest rates ranging from 2.00% to 2.75% per annum. The bonds were issued for purpose of constructing street, sidewalk, and sanitary improvements; improvements to city parks; and acquisition of equipment for the fire department and other city departments. During the year ended June 30, 2021, the City paid \$110,000 of principal and \$58,615 of interest on the bonds.

The Code of Iowa requires that principal and interest on general obligation bonds be paid from the Debt Service Fund. The principal and interest on general obligation sales tax bonds are to be paid from the local option sales tax funds collected.

The City has a legal debt limit of approximately \$14,985,000, which was not exceeded during the year ended June 30, 2021.

Lease Purchase Agreements at June 30, 2021:

Annual required payments of lease purchase agreements are as follows:

Year Ending June 30,	Interest Rates	Lease Purchase	
		Principal	Interest
2022	2.33%	\$ 6,529	38

NOTE (4) Pension and Retirement Benefits

Plan Description - IPERS membership is mandatory for employees of the City, except for those covered by another retirement system. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

City of Glenwood
Notes to Financial Statements
June 30, 2021

NOTE (4) Pension and Retirement Benefits - Continued

Pension Benefits – A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

Protection occupation members may retire at normal retirement age, which is generally age 55 and may retire any time after reaching age 50 with 22 or more years of covered employment.

The formula used to calculate a protection occupation member's monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for more than 22 years of service but not more than 30 years of service.
- The member's highest three-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50% for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

City of Glenwood
Notes to Financial Statements
June 30, 2021

NOTE (4) Pension and Retirement Benefits – Continued

Contributions - Contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2021, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the City contributed 9.44% of covered payroll for a total rate of 15.73%. Protection occupation members contributed 6.41% of covered payroll and the City contributed 9.61% of covered payroll, for a total rate of 16.02%.

The City's contributions to IPERS for the year ended June 30, 2021 were \$132,395.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2021, the City reported a liability of \$812,454 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2020, the City's proportion was 0.0115656%, which was an increase of 0.001399% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021 the City pension expense, deferred outflows of resources and deferred inflows of resources totaled \$190,369, \$255,894, and \$129,551 respectively.

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Rate of Inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increases (effective June 30, 2017)	3.25% to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00%, compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

City of Glenwood
Notes to Financial Statements
June 30, 2021

NOTE (4) Pension and Retirement Benefits – Continued

Actuarial Assumptions - (continued)

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2020 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0%	4.43%
International equity	17.5	5.15
Global smart beta equity	6.0	4.87
Core plus fixed income	28.0	(0.29)
Public credit	4.0	2.29
Cash	1.0	(0.78)
Private equity	11.0	6.54
Private real assets	7.5	4.48
Private credit	3.0	3.11
Total	100.0%	

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, the IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Glenwood
Notes to Financial Statements
June 30, 2021

NOTE (4) Pension and Retirement Benefits – Continued

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability	\$ 1,672,900	\$ 812,454	\$ 91,395

IPERS' Fiduciary Net Position - Detailed information about the IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

NOTE (5) Other Postemployment Benefits (OPEB)

Plan Description - The City operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. The city currently finances the benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the City and the plan members range from \$600 for single coverage to \$1,842 for family coverage. For the year ended June 30, 2021, the City contributed \$337,509 and plan members eligible for benefits contributed \$50,539 to the plan. At June 30, 2021, no assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits – Individuals who are employed by City of Glenwood and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy.

Retired participants must be age 55 or older at retirement, with the exception of special service participants who must be age 50 with 22 years of services. At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	1
Active employees	22
	<hr/>
Total	23
	<hr/>

City of Glenwood
Notes to Financial Statements
June 30, 2021

NOTE (6) Compensated Absences

City employees accumulate a limited amount of earned but unused vacation, compensatory leave and sick leave hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid.

Sick leave is payable when used or for certain employees upon retirement. Employees retiring after 15 years of service may receive one-half of their unused accumulated sick leave based on the effective hourly rate for that employee. For each additional year of service, the employee shall receive 2% additional sick leave per year. There are six employees eligible for this termination benefit.

The City's approximately liability for earned vacation, compensatory leave and sick leave payable to employees at June 30, 2021, primarily relating to the General Fund, is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Vacation	\$ 49,000
Compensatory Leave	14,000
Sick Leave	<u>24,000</u>
	\$ <u>87,000</u>

This liability has been computed based on rates of pay in effect at June 30, 2021.

NOTE (7) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2021 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue:	
	Road Use Tax	\$ 282,081
	Local Option Sales Tax	<u>21,334</u>
		303,415
Debt Service	Special Revenue:	
	Local Option Sales Tax	<u>376,793</u>
Total		\$ <u>680,208</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources.

City of Glenwood
Notes to Financial Statements
June 30, 2021

NOTE (8) Risk Management

The City is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 785 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials' liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The City's property and casualty contributions to the risk pool are recorded as disbursements from its operating funds at the time of payment to the risk pool. The City's annual contributions to the Pool for the year ended June 30, 2021 were \$73,588.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$500,000 per claim. Claims exceeding \$500,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the City's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred. As of June 30, 2021, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

City of Glenwood
Notes to Financial Statements
June 30, 2021

NOTE (8) Risk Management – Continued

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The City also carries workman's compensation insurance and fire department insurance purchased from other insurers. The City assumes liability for any deductions, and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE (9) Commitments

YMCA Operating Agreement

The YMCA and the City of Glenwood have a joint operating agreement regarding a recreation facility. The agreement was amended in December 2020 for another 15 years. A year is defined as January 1 through December 31 effective January 1, 2021. The City will pay an annual management fee of \$1,700 per week per summer season, plus one week to open the pool. The City paid the YMCA \$10,000 in October 2020.

NOTE (10) Urban Renewal Development Agreements

The City has entered into agreements with developers to construct certain public improvements related to the development of Urban Renewal Areas. In exchange, the City has agreed to pay the developers for these costs, plus interest.

These agreements are payable solely from the income and proceeds of the Urban Renewal Tax Increment Fund, and the taxes to be paid into the fund in accordance with Chapter 403.19 of the Code of Iowa.

Osterloh and New Century Building Company LLC Agreement

The City has agreed to pay the developer a total of \$245,000 plus interest at 7% per annum. Principal and interest are due December 1 and June 1, with final payment due June 2021. The City paid the developer \$52,859 during the year ended June 30, 2021.

NOTE (11) Reciprocal Services with its Component Unit

The City and its component unit, Glenwood Municipal Utilities, have an arrangement in which the City provides office space to the Utilities at no cost and the Utilities provides water and sewer to all City owned and operated facilities at no cost.

City of Glenwood
Notes to Financial Statements
June 30, 2021

NOTE (12) Tax Abatements

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

City Tax Abatements

The City provides tax abatements for urban renewal and economic development projects with tax increment financing as provided for in Chapters 15A and 403 of the Code of Iowa. For these types of projects, the City enters into agreements with developers which require the City, after developers meet the terms of the agreements, to rebate a portion of the property tax paid by the developers, to pay the developers an economic development grant or to pay the developers a predetermined dollar amount. No other commitments were made by the City as part of these agreements.

For the year ended June 30, 2021, \$22,040 of property tax was diverted from the City under the urban renewal and economic development agreements.

NOTE (13) Loan Guarantee

In September 2017, the City provided a loan guarantee for Glen Haven Home, Inc. for \$200,000. This is a portion of a loan that extends for 35 years. The maximum liability payments the City could be required to make in any year is \$22,800.

NOTE (14) Subsequent Event

In September 2021, the City approved a \$225,000 general obligation note for sanitary sewer improvements.

NOTE (15) COVID-19

In March 2020, the COVID-19 outbreak was declared a global pandemic. The disruption to businesses across a range of industries in the United States continues to evolve. The full impact to local, regional and national economies, including that of City of Glenwood, remains uncertain.

To date, the outbreak has not created a material disruption to the operations of City of Glenwood. However, the extent of the financial impact of COVID-19 will depend on future developments, including the spread of the virus, duration and timing of the economic recovery. Due to these uncertainties, management cannot reasonably estimate the potential impact to City of Glenwood.

NOTE (16) Prospective Accounting Change

Governmental Accounting Standards Board has issued Statement No. 87, *Leases*. This statement will be implemented for the fiscal year ending June 30, 2022. The revised requirements of this statement require reporting of certain potentially significant lease liabilities that are not currently reported.

Other Information

City of Glenwood
 Budgetary Comparison Schedule
 of Receipts, Disbursements, and Changes in Balances -
 Budget and Actual (Cash Basis) – All Governmental Funds
 Other Information
 Year ended June 30, 2021

	Governmental Funds Actual	Budgeted Amounts		Final to Actual Variance
		Original	Final	
Receipts:				
Property tax	\$ 2,724,235	2,713,193	2,713,193	11,042
Tax increment financing	42,054	35,300	35,300	6,754
Other city tax	911,283	856,473	856,473	54,810
Licenses and permits	15,061	31,450	31,450	(16,389)
Use of money and property	2,938	4,500	4,500	(1,562)
Intergovernmental	1,383,081	1,015,500	1,015,500	367,581
Charges for service	195,090	195,900	195,900	(810)
Miscellaneous	357,707	159,700	423,120	(65,413)
Total receipts	5,631,449	5,012,016	5,275,436	356,013
Disbursements:				
Public safety	1,604,245	1,640,317	1,702,317	98,072
Public works	604,942	981,650	981,650	376,708
Culture and recreation	1,088,376	930,010	1,130,510	42,134
Community and economic development	56,087	116,755	116,755	60,668
General government	435,167	589,965	589,965	154,798
Debt service	601,533	624,125	624,125	22,592
Capital projects	600	-	150,000	149,400
Total disbursements	4,390,950	4,882,822	5,295,322	904,372
Excess (deficiency) of receipts over (under) disbursements	1,240,499	129,194	(19,886)	1,260,385
Other financing sources, net	19,471	500	500	18,971
Change in balances	1,259,970	129,694	(19,386)	1,279,356
Balances beginning of year	4,212,544	3,238,324	3,238,324	974,220
Balances end of year	\$ 5,472,514	3,368,018	3,218,938	2,253,576

See accompanying independent auditors' report

City of Glenwood
Notes to Other Information – Budgetary Reporting
June 30, 2021

The budgetary comparison is presented in accordance with Governmental Accounting Standards Board (GASB) Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon major classes of disbursements known as functions, not by fund or fund type. These functions are: public safety, public works, culture and recreation, community and economic development, general government, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted disbursements by \$412,500. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2021, disbursements did not exceed the final budgeted amounts.

City of Glenwood
Schedule of the City's Proportionate Share of the Net Pension Liability
Iowa Public Employees' Retirement System
For the Last Seven Years *
(In Thousands)
Other Information

	2021	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability	0.011566%	0.010166%	0.010466%	0.010513%	0.011073%	0.009762%	0.008284%
City's proportionate share of the net pension liability	\$ 812	588	662	700	697	482	328
City's covered payroll	\$ 1,435	1,378	1,273	1,280	1,287	1,273	1,243
City's proportionate share of the net pension liability as a percentage of its covered payroll	56.59%	42.67%	52.00%	54.69%	54.16%	37.86%	26.39%
IPERS' net position as a percentage of the total pension liability	82.90%	85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

See accompanying independent auditors' report

City of Glenwood
Schedule of City Contributions
Iowa Public Employees' Retirement System
For the Last Ten Fiscal Years
(In Thousands)
Other Information

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Statutorily required contribution	\$ 132	138	134	118	119	120	120	117	107	96
Contributions in relation to the statutorily required contribution	132	138	134	118	119	120	120	117	107	96
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
City's covered payroll	\$ 1,391	1,435	1,378	1,273	1,280	1,287	1,273	1,243	1,148	1,094
Contributions as a percentage of covered payroll	9.51%	9.63%	9.74%	9.28%	9.30%	9.30%	9.41%	9.42%	9.33%	8.82%

See accompanying independent auditors' report

City of Glenwood
Notes to Other Information – Pension Liability
Year ended June 30, 2021

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

Supplementary Information

City of Glenwood
Schedule of Cash Receipts, Disbursements
and Changes in Cash Balances
Nonmajor Governmental Funds
As of and for the year ended June 30, 2021

	Special Revenue			Permanent		
	Urban Renewal Tax Increment	Library Trust	Asset Forfeitures	Davies Amphitheater Trust	Cemetery Perpetual Care	Total
Receipts:						
Tax increment financing	42,054	-	-	-	-	42,054
Use of money and property	-	-	-	-	30	30
Charges for services	-	-	166	-	-	166
Total receipts	42,054	-	166	-	30	42,250
Disbursements:						
Operating:						
Public safety	-	-	67	-	-	67
Community and economic development	53,453	-	-	-	-	53,453
Total disbursements	53,453	-	67	-	-	53,520
Change in cash balances	(11,399)	-	99	-	30	(11,270)
Cash balances beginning of year	114,220	10,847	3,251	197,104	62,974	388,396
Cash balances end of year	<u>\$ 102,821</u>	<u>10,847</u>	<u>3,350</u>	<u>197,104</u>	<u>63,004</u>	<u>377,126</u>
Cash Basis Fund Balances						
Nonspendable	\$ -	-	-	197,104	63,004	260,108
Restricted for other purposes	102,821	10,847	3,350	-	-	117,018
Total cash basis fund balances	<u>\$ 102,821</u>	<u>10,847</u>	<u>3,350</u>	<u>197,104</u>	<u>63,004</u>	<u>377,126</u>

See accompanying independent auditors' report

City of Glenwood
Schedule of Receipts By Source and Disbursements By Function –
All Governmental Funds
For the Last Ten Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Receipts:										
Property tax	\$ 2,724,235	2,480,104	2,301,546	2,386,841	1,946,880	2,065,535	1,945,237	1,974,300	1,897,524	1,833,774
Tax increment financing	42,054	41,675	226,701	260,676	224,051	238,636	267,367	329,357	352,064	280,360
Other city tax	911,283	804,765	758,910	636,013	467,894	448,681	386,639	424,110	366,819	375,953
Licenses and permits	15,061	27,220	30,646	22,188	18,602	23,161	17,816	47,650	13,649	12,976
Use of money and property	2,938	3,568	5,037	5,976	8,147	14,875	11,915	12,543	10,051	12,930
Intergovernmental	1,383,081	1,056,085	1,068,915	922,495	992,144	1,496,082	743,773	719,375	717,567	963,759
Charges for service	195,090	195,261	214,738	193,274	243,340	111,001	110,239	117,056	107,686	104,927
Special assessments	-	-	-	-	-	9,968	5,183	-	-	7,752
Miscellaneous	357,707	281,851	300,356	200,563	136,493	170,095	187,754	180,869	135,465	124,691
Total	\$ 5,631,449	4,890,529	4,906,849	4,628,026	4,037,551	4,578,034	3,675,923	3,805,260	3,600,825	3,717,122
Disbursements:										
Operating:										
Public safety	\$ 1,604,245	1,513,193	1,498,795	1,278,928	1,431,328	1,306,937	1,292,525	1,338,606	1,186,549	1,233,575
Public works	604,942	732,279	789,214	654,204	562,829	661,109	618,431	666,950	597,007	653,118
Culture and recreation	1,088,376	902,158	870,062	813,225	783,852	618,881	698,096	661,986	560,218	500,481
Community and economic development	56,087	86,650	300,169	320,971	294,836	290,578	318,149	393,342	322,788	407,898
General government	435,167	393,854	385,913	420,102	300,165	521,372	384,061	394,801	1,090,691	483,109
Debt service	601,533	473,997	439,468	611,686	438,634	2,022,192	337,556	408,819	448,819	395,232
Capital projects	600	1,985,040	-	-	1,107,296	4,880,987	75,717	207,523	17,900	381,478
Total	\$ 4,390,950	6,087,171	4,283,621	4,099,116	4,918,940	10,302,056	3,724,535	4,072,027	4,223,972	4,054,891

See accompanying independent auditors' report

City of Glenwood



Diane McGrain, CPA
Jim Menard, CPA
Kelsey Peterson, CPA

January 4, 2022

Independent Auditors' Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

To the Honorable Mayor and
Members of the City Council:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Glenwood, Iowa, as of and for the year ended June 30, 2021, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 4, 2022. Our report expressed unmodified opinions on the financial statements of the governmental activities, each major fund and the aggregate remaining fund information which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles. Our report expressed an adverse opinion on the financial statements of the aggregate discretely presented component units due to the omission of the Glenwood Municipal Utilities.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Glenwood's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Glenwood's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Glenwood's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of City of Glenwood's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Continued...

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City of Glenwood
Independent Auditors' Report on
Internal Control and Compliance and Other Matters

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings as item I-A-21 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Glenwood's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2021 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

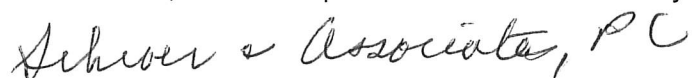
City of Glenwood's Responses to Findings

City of Glenwood's responses to findings identified in our audit are described in the accompanying Schedule of Findings. City of Glenwood's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Glenwood during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



Schroer & Associates, P.C.
Council Bluffs, Iowa

**City of Glenwood
Schedule of Findings
June 30, 2021**

Part I: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

I-A-21 Segregation of Duties – Component Unit

Criteria – Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the City's financial statements.

Condition – For the Glenwood Public Library Foundation, generally, one individual has control over collecting, depositing and reconciling.

Cause – The component unit noted above has a limited number of employees/volunteers and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect – Inadequate segregation of duties could adversely affect the component unit's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees/volunteers in the normal course of performing their assigned functions.

Recommendation – The City should work with the component unit and the operating procedures be reviewed to obtain the maximum internal control possible under the circumstances.

Response – In August 2021, the Glenwood Public Library Foundation passed a fiscal policy requiring review of bank reconciliations and two signatures on all checks.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

**City of Glenwood
Schedule of Findings
June 30, 2021**

Part II: Other Findings Related to Statutory Reporting:

II-A-21 Certified Budget

Disbursements during the year ended June 30, 2021 did not exceed the amended budgeted amounts.

II-B-21 Entertainment Expense

We noted no disbursements for parties, banquets, or other entertainment for employees that we believe may constitute an unlawful expenditure from public funds as defined in an Attorney General's opinion dated April 25, 1979.

II-C-21 Travel Expense

No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

II-D-21 Business Transactions

No business transactions were noted between the City and City officials or employees.

II-E-21 Restricted Donor Activity

No transactions were noted between the City, City officials, City employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

II-F-21 Bond Coverage

Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

II-G-21 Council Minutes

No transactions were found that we believe should have been approved in the Council minutes but were not.

II-H-21 Deposits and Investments

Comment - No instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy were noted.

A depository resolution was approved by the City as required by Chapter 12C.2 of the Code of Iowa, however, the depository limit for one depository was exceeded during the year ended June 30, 2021.

Recommendation – The City should approve amounts sufficient to cover anticipated balances at all approved depositories.

Response – We will review our limits.

Conclusion – Response accepted.

**City of Glenwood
Schedule of Findings
June 30, 2021**

Part II: Other Findings Related to Statutory Reporting - Continued:

II-I-21 Annual Urban Renewal Report

The Annual Urban Renewal Report for the year ended June 30, 2021 was approved and certified to the Iowa Department of Management on or before December 1.

II-J-21 Separately Maintained Records

Comment – The amphitheater board maintains a small checking account pertaining to some of the operations of the amphitheater. These transactions and the resulting balances are not recorded in the Clerk's records as required by Code of Iowa Chapter 384.20.

Recommendation – Chapter 384.20 of the Code of Iowa states in part that, "a city shall keep accounts which show an accurate and detailed statement of all public funds collected, received, or expended for any city purposes." An accounting system for each board which will provide the necessary and required financial information should be implemented to comply with this code requirement. For better accountability, financial and budgetary control, the financial activity and balances of all city accounts should be reviewed at the transaction level and recorded in the Clerk's records.

Response – We will consider closing the account.

Conclusion – Response accepted.